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# **USSR Report**

**CONSUMER GOODS AND DOMESTIC TRADE**

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22 August 1984

**USSR REPORT**  
**CONSUMER GOODS AND DOMESTIC TRADE**

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### BETTER MANAGEMENT OF APK'S NEEDED TO BOOST MEAT, MILK PRODUCTION

Moscow SEL 'SKAYA ZHIZN' in Russian 3 Apr 84 p 1

[Text] Such a fact is notable among the many wholesome developments in the community of participants in the country's APK [agroindustrial complex]: the collectives of the livestock-raising and meat branch of Ivano-Frankovsk Oblast assumed joint obligations in which they provided, on the one hand, for the raising of well-fed cattle and their regular sale to the state and, on the other hand, for the timely processing of finished products with maximum yield.

The idea of joint responsibility for the final results of a common concern characterizes the mutual relations of representatives of all APK units. It is seen in the developing movement among agricultural workers and related branches for an above-plan increase in labor productivity and a reduction in production costs, the importance of which was emphasized at the All-Union Economic Meeting on Agroindustrial Complex Problems and in the struggle to turn out above-plan production. Last year, an increase in the weight of cattle of just 11 kg and of 3 kg in the weight of hogs permitted an increase of more than 230,000 tons in the amount of beef and pork obtained throughout the country.

Nevertheless, every APK unit has its own tasks in the business of implementing the Food Program. As applied to the meat and milk branches, this is above all the efficient and complete processing of the production of animal husbandry so as to obtain from it the greatest possible quantity of high-quality food products. And it must be said that in the system of the USSR Ministry of the Meat and Dairy Industry, much is being done to attain this goal. A good many new technological processes have been introduced into the enterprises, processes that permit a reduction in the loss of raw materials, an increase in production output and the use of protein components of animal and plant origin.

The relations of the processing branches in agriculture are being improved. Their procurement functions are being improved and the material-technical base of production and procurement is being consolidated. During last year alone, more than R740 million in capital investment were applied to its development. Fixed capital valued at R630 million was put into operation and more than 152,000 square meters of housing space were turned over.

All of this speaks of the attention of the party and government to developing the processing branches of the country's food complex and it also speaks of the increased opportunities of meat combines and milk plants for increasing production efficiency. The improvement of procurement operations and the bringing of the enterprise network closer to the sources of raw materials open up large reserves here. Instructive is the APK experience of Belgorod Oblast, where strong direct ties have been established between the kolkhozes and sovkhozes on the one hand and the processing enterprises and trade organizations on the other. This makes it possible to turn high-quality production over to the state and to obtain additional profit. Every new processing unit in production, be it slaughterhouse or a milk plant, if it is properly located in consideration of the possibilities of the raw-materials zone, permits a fuller utilization of farm production with fewer losses and in the final analysis it helps to increase the food supply of the Soviet people.

Meanwhile, the bringing of several projects of the Ministry of the Meat and Dairy Industry into operation is experiencing intolerable delays. A meat combine in Roslavl' in Smolensk Oblast has been under construction since 1975, and one in Torbeyevo in Mordovskaya ASSR has been under construction since 1976. Meat combines in Cherkessk in Stavropol'skiy Kray and in Kyzyl-Mazhalyk in Tuvin'skaya ASSR, a shop for whole-milk production in Mtsensk in Orlovskaya Oblast, a cheese plant in Kargat in Novosibirsk Oblast and a milk plant in Shaartuz in the TaSSR--that is just a partial list of enterprises whose start of operations was frustrated last year. The subdivisions of the Ministry of the Meat and Dairy Industry must share responsibility for such facts with contracting construction organizations that failed to assimilate the allocated resources in time. Only 81 percent of the capital investments allocated for the construction of housing in the branch were assimilated, which creates additional, and significant, difficulties in providing production with labor and in the formation of stable collectives.

One of the important conditions for the timely and regular supplying of processing enterprises with raw materials in animal husbandry is the further expansion in the scope of the receipt of cattle and milk at the sites and their being taken out with the transportation means of the suppliers. There are collectives in the branch that have already gone to this method of procurement. Among them is the Ternopol'skoe Association of the Meat Industry, the Benderskiy Milk Combine and several other enterprises. At the same time, so far in 1983 throughout the ministry, only 23 percent of purchased cattle and 27 percent of milk were obtained directly from the farms. The stumbling block here is usually the lack of specialized transportation, the weak technical base for servicing it and a shortage of spare parts. As experience shows, however, these difficulties can be overcome through the cooperation of local, party and soviet organizations as well as through the joint efforts of those participating in the APK.

The role of the meat-milk system in the country's APK is also determined by how completely by-products of the processing of raw materials in animal husbandry are used and by the introduction of wasteless technologies into

production. Having received 17.5 million tons of cattle and 63.4 million tons of milk within a year, the enterprises of the ministry supplied agriculture with 539,000 tons of dry animal fodder, 2.1 million million tons of enriched whey and 914,000 tons of dry and liquid substitutes for whole milk. Nevertheless, in no way do these figures indicate that all raw materials are being used in the best way. It is enough to say that only about 50 percent of milk whey undergoes industrial processing. In the dairy enterprises of the RSFSR, Kazakhstan and the Ukraine, they permit losses of this valuable product and they do not satisfactorily make use of the capacities for producing whole milk substitutes. In the meat branch, in turn, there are frequent violations of the technology of cattle processing and of the period for keeping the cattle on preslaughter lots.

The creation of new APK administrative organizations opens up to the meat and dairy industry great possibilities for increasing production efficiency. Practically all branch enterprises joined the body of agroindustrial associations. As a result, ties with kolkhozes and sovkhozes were strengthened, there is an expansion in the material and technical base of the lower-level procurement network and with the help of rayon agroindustrial associations there is better control of the observance of the schedules for delivering cattle and milk for processing.

More active cooperation in resources and efforts, arising under new administration conditions, opens the way for solving a number of problems involving the procurement and processing of raw materials in animal husbandry and above all in expanding the central removal of cattle and milk as well as in more construction of receiving centers and storage slaughterhouses. Local, party and soviet organs play a large role in solving problems of this type. Serious problems facing the meat and dairy industry were presented at the all-union economic meeting on APK problems. The question is that of reducing losses in the processing and storage of products and of improving relations with kolkhozes and sovkhozes.

This year, the country's meat and dairy industry must take the next step on the way to increasing its contribution to the realization of the food program. The obligations that leading collectives accepted for the fourth year of the Five-Year-Plan indicate what large reserves are opened up by socialist competition in the branch under the motto "a maximum of high-quality production from each ton of processed raw material." To use these reserves and to provide for the timely receipt and efficient processing of meat and milk reaching the enterprises means to contribute to further improvement in supplying the Soviet people with high-quality food products.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### CONSERVATION, MORE SYNTHETICS URGED FOR TEXTILE INDUSTRY

Moscow TEKSTIL'NAYA PROMYSHLENNOST' in Russian No 3 Mar 84 pp 1-3

[Article by A. A. Peker, deputy chief of the Economic Planning Administration (USSR Ministry of Light Industry): "Ensuring the Daily Struggle to Save Raw and Material Resources"]

[Text] The main tasks of the 11th Five-Year-Plan, as determined by the 26th CPSU Congress, are those of providing for continued growth in the well-being of the Soviet people, an acceleration of scientific and technical progress and a turning of the economy toward an intensive path of development, more efficient use of the country's production potential, all possible economy of all types of resources, and an improvement in work quality.

In June 1982, the CPSU Central Committee and the USSR Council of Ministers adopted a special resolution "On Increasing the Work for the Saving and Efficient Use of Raw Materials, Fuel-Energy and Other Material Resources." This document became the operating program of all production collectives in the country.

In light industry, systematic work is being performed in the economic use of raw materials and other materials, in providing for their preservation and in the greater use of industrial by-products. Basic directions have been confirmed for the work in the economic and efficient use of raw materials, other materials and fuel-energy resources for the years 1981 through 1985.

As is known, the textile industry is one of the most material-intensive branches of the national economy, whereby the basic type of raw material used is agricultural. Cotton comprises 50.3 percent of raw materials used, wool 9.1 percent, bast fibers 11.3 percent, and threads of raw silk 0.1 percent.

The relative share of synthetic fibers and threads in the overall volume of raw materials for the textile industry was 27.2 percent in 1982 and 28 percent in 1983.

The problem of the economic use of material resources and above all of raw materials is attaining particular topical importance in the branch in connection with the fact that their reproduction occurs at a slow rate. To increase the procurement of agricultural raw materials, what is most needed

are large investments and a reduction in labor input in agriculture, and additional capacities are needed to increase the volume of the output of synthetic fibers. Therefore, in the efficient use of raw materials, not only are additional raw materials being introduced but a significant saving of material resources is being attained both in light industry and in related branches of industry.

Substantial work is being performed by the USSR Ministry of Light Industry for economy in all resources.

Great importance is attached to improving the norms for the use of raw materials. In the first 2 years of the 11th Five-Year Plan and the first half of 1983, more than 170 collections of industrial norms and instructions (methods) for setting norms for raw materials and other materials were drafted and approved. The economic impact of their introduction amounts to about R2 million.

Measures are being implemented to lower the materials-intensity of products in light industry. They foresee a standardization of the assortment of fabrics and knitted and nonwoven cloth, the creation and incorporation of new types of fabrics and cloth with reduced materials-intensity from synthetic fibers and threads of small linear density and also progressive technological processes and equipment complexes, the introduction of combined preparations from various kinds of raw materials, and the reduction in the amount of waste in cutting fabrics, knitted cloth and leather goods. In the first 2 years of the 11th Five-Year Plan and the first half of 1983, all of this permitted a saving relative to planned targets of 17,500 tons of cotton fiber, 6,800 tons of linen materials, 29,000 tons of cotton yarn, 4,200 tons of linen yarn and 12,300 tons of synthetic fibers and threads.

A program has been developed to free natural fibers in the production of articles with a technical designation. It includes the complete replacement of heavy cotton industrial fabrics and a significant reduction in the use of cotton fabrics owing to an increase in the output of nonwoven materials and silk industrial fabrics, making possible the freeing of more than 230,000 tons of cotton fiber through the use of synthetic raw materials.

To increase control over the correct and efficient utilization of material resources, to provide for the full accounting of all types of by-products and to reduce losses, measures have been worked out and are being introduced to improve accounting and reporting in industry enterprises. Beginning in 1982, the section "use of secondary raw materials" was introduced into the plan for the economic and social development of light industry. Included therein are indicators of the amount of formation and utilization of secondary textile materials and also of the production of goods using secondary raw materials in consumer-goods shops.

Industry norms have been developed for the collection and application of secondary raw materials in industrial sectors. This made possible a significant increase in the use of manufacturing by-products. Thus, in

1982, 577,000 tons of by-products were applied for basic production and in 1983, the quantity was 755,400 tons.

This work, however, should be closely tied to a reduction in the formation of by-products, which is done by way of an improvement in the manufacturing process, the introduction of resource-saving technology and wasteless processing methods.

At the present time, the enterprises of light industry use about 50 percent of the by-products from their own production. Unused by-products should become one of the basic types of initial raw material for the production of nonwoven materials.

One can, for example, obtain wiping and packing cloths from secondary textile materials and use them to replace cotton fabrics. At the present time, a binding cord is being developed for the construction industry, for the manufacture of which a wool and cotton yarn is being used. For these purposes, however, one can utilize long selvage by-products from the production of nonwoven materials. It is possible to give other examples. To solve all of these problems, scientific research institutes must concentrate their efforts. They must also provide enterprises with recommendations on where production by-products can be utilized more profitably and efficiently.

An important task before light industry is that of freeing natural kinds of raw materials from use in industrial products. Its resolution would permit one to apply a significant quantity of natural fibers to products of everyday use. The average coefficient for the replacement of natural kinds of raw material with synthetic fibers and threads is 1.6, that is, the use of 1 ton of synthetic thread permits the freeing of 1.6 tons of cotton yarn.

However, this process is being held up because the industry is not being supplied with synthetic industrial thread in the required assortment and also because of the lack of readiness of enterprises in the petrochemical industry to process synthetic industrial fabrics.

The VNIITT [All-Union Scientific Research Institute for Textile Technology], together with the enterprises of the cotton industry that produce heavy industrial fabrics, developed an assortment of synthetic and combined fabrics, the introduction of which would even now permit the replacement of more than 70 million meters of heavy industrial cotton fabrics.

The work in replacing natural fibers for industrial needs is also being held back by the slow rate of development of the industry for the production of nonwoven materials of the fabric type. The reason for this is a lag in the construction of enterprises for the manufacture of nonwoven goods and the lack of the necessary quantity of domestic equipment.

In industry enterprises, a good deal of work is being done in reducing the use of fuel and energy resources per unit of production output and in a system to save fuel and energy. In 1982, they increased gross output by

2 percent over 1980 with an increase of only 0.2 percent in energy use, and the corresponding figures for 1983 were 2.4 and 1.4 percent (preliminary data).

With the goal of further increasing the efficiency of this work, the USSR Ministry of Light Industry has worked out measures that provide for the following:

- introduction of energy-saving equipment and processes as well as the highly productive technological equipment,
- an increase in the technical level of energy systems,
- an improvement in setting norms and accounting for the use of fuel and energy resources
- and the utilization of secondary energy resources.

There is a standard position in the industry on the payment of bonuses to enterprise collectives for their basic operational results.

In January 1983, a regulation was put into effect on the order and amount of direct payments into a fund to provide economic incentives for the saving of material resources in the years 1983 through 1985. It was directed toward increasing the economic motivation of enterprise collectives to use raw materials, fuel and energy and other material resources efficiently.

An All-union public review of the effective use of resources is being carried out with an annual summarizing of results.

For good results achieved in the 1982 competition, the Dreznenskaya Cotton Spinning and Weaving Factory, the Moscow Cotton Factory imeni M. V. Frunze, the Chaykovskiy Silk Fabric Combine imeni 50th Anniversary of the USSR, the Kiev Production Knitted Goods Association imeni Rosa Luxemburg, the Minsk Fine Cloth Association imeni T. Ya. Kiselev and others were awarded diplomas of the AUCCTU, the Komsomol and the USSR Gosnab.

At the same time, there are still unused reserves. Individual enterprises of the Ministries of Light Industry of the UzSSR, KaSSR, GSSR and MSSR are allowing an overexpenditure of basic kinds of raw material.

The USSR Ministry of Light Industry is directing particular attention to complete examination of the preservation and use of raw materials and other materials, thus permitting the disclosure of existing shortcomings.

There have been cases uncovered of poor storage, sorting and processing of raw materials and improper use of machinery as well as monitoring and testing equipment. It has been established that there are losses and an inefficient utilization of energy resources.

Inspections show that there are enterprises in the industry whose collectives are still not mobilized for the daily struggle to save every gram of raw material, every ton of fuel and every gigajoule and kilowatt-hour of thermal and electrical energy.

The following measures are foreseen for the further intensification of the system for the saving and efficient use of raw materials:

- increased control of the preservation and efficient use of raw materials and other materials,
- continuation of the work to reduce the materials-intensity of products through assortment standardization and the introduction of combined approaches and various kinds of raw materials,
- providing for improved technological processes and introduction of new equipment,
- and intensification of the work in utilizing production by-products and secondary resources as well as the introduction of lines of manufacturing equipment within the complete unit with PR-1-150-1 rotary spinning machines for processing low-quality raw materials and production by-products (wasteless technology).

A number of questions were placed before the USSR Gosplan, Gosnab and the ministries of related industrial sectors. In particular, the need was pointed out to:

- balance plans for the production and supplying of raw materials, other materials and equipment,
- ensure the issue of equipment for the separation, processing and remaking of production by-products and secondary raw materials, which will permit maximum saving of raw materials and the introduction of wasteless technology,
- provide for a significant increase in the production of synthetic fibers and threads as well as bonding and other synthetic materials, and
- increase the supply of threads and fibers of small linear densities.

The resolution of the set tasks will permit greater production output without additional expenditure and it will allow for a significant reduction in production cost and consequently, for a fuller satisfaction of consumer demand.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### EXPERIENCE OF CEMA COUNTRIES IN CLOTHING TRADE CITED

Moscow KOMMERCHESKIY VESTNIK in Russian No 8, Apr 84 pp 40-41

[Article by Bol'shakova: "Together With Science"]

[Text] It is known that conditions in the clothing market are unstable. Workers of commercial services must always keep abreast of the achievements of industrial science and technology and advanced know-how thoroughly and must display socialist enterprise and commercial sharpness so that the change in seasons and fashions and other factors do not disturb the harmony of demand and supply. The published survey shows through the example of a number of CEMA members how measures to increase the effectiveness of cooperation between wholesale and retail trade and to accelerate the sale of products are put into effect.

In recent years in Bulgaria, the network of retail enterprises, including those of the clothing trade, has expanded appreciably, and they have been modernized. A wholesale warehouse was also needed to match the modern stores. What must it be like in order to ensure timely and uninterrupted supply of goods of the necessary assortment to stores?

Planners suggested a new type of wholesale trade enterprise in the form of a warehouse conveyer with automatic control of operations within the warehouse. Such a warehouse--the first one in the republic--was built at the okrug enterprise of ready-made clothing, Optovaya Torgovlya [Wholesale Trade], in the city of Burgas. Mechanized revolving sections with racks for storing articles in a suspended position and metal shelves for clothing in packages have been set up on its premises.

Each article arriving at the warehouse receives a precise registration: the zone, section, and locality numbers. Mobile conveyers and elevators, when receiving an order from the control panel, correctly "find" and convey the necessary article to the place for storage, making up of a set, or shipment, according to these addresses. In this process, the moving time of the articles does not exceed two and one-half minutes, even along the longest internal warehouse route.

The trade-technical process in the warehouse conveyor is subject to the solution of such important trade tasks as increasing the capacity of goods warehouses and increasing the responsibility of the wholesale (sector) for timely and accurate filling of orders to deliver goods to stores. Efficient methods for processing of ready-made clothing were used to form the foundation of the trade technique. Each warehouse operation is carried out in accordance with technical instruction charts. All work processes are presented sequentially on them, and the composition of service personnel, the technical base, and the procedure for registering accompanying documents are determined for each section.

The clothing's travel routes from the warehouse to consumers are charted at the wholesale enterprise's commodity office. Here store representatives register their order in accordance with the model form. They indicate on it all the necessary attributes of the article, beginning with the name and ending with such attributes as size, height, color, and of course the article's address.

In accordance with this document, the warehouse workers at the control panel select the article, simultaneously compiling the inventory of the vacated places. The packed registered containers with the ordered goods are sent to one store or several stores at once by designated routes, and articles newly received from industry occupy the freed warehouse places. The maximum load of the warehouse's capacity is ensured in this way.

The technical instruction charts represent not only a labor standard but also an educational aid. Using them, young specialists master new internal warehouse operations in a short time, and experienced workers master additional areas of service.

Special attention is being given to increasing the skill of the personnel at the warehouse in Burgas. Here the introduction of the new technique is accompanied by improvement in the organization of labor based on establishing a single self-supporting brigade for all service personnel. Each member of this collective has been given the task of mastering the entire process of internal warehouse work and to be able to carry out any production operation.

The brigade is guided in its work by the standardized targets for goods turnover, the number of personnel, the wage fund, and the outlay of material and energy resources. The size of brigade members' wages depends on the results of their accomplishment. For example, the funds from the saving of material and manpower resources are distributed among the workers, and overexpenditure is held back from their salaries. The procedure for payment of bonuses is regulated by the terms adopted by a general meeting of the brigade.

A new collective form of material responsibility has been dictated by the nature of the organization of work. Goods worth almost 5 million leva (the warehouse's yearly turnover) are entrusted to a brigade of 18 people, and the collective ensures their complete security. A reliable control system for reception, storage, and expediting of goods is provided by the same new method, and a progressive computer analytical reporting method for physical assets provides a shield against abuses.

The wholesale workers in Burgas view the brigade cooperation of labor as the basic organizational means of improving trade efficiency. Rationalization and specialization have been completed at the Potsdam Wholesale Trade Enterprise of Textile Goods in the GDR. Stores receive not only fabrics but also sewn wear, hosiery, outer knit wear and underwear from its warehouses. It was becoming more difficult to manage the reserves of all these goods as the enterprise's turnover increased. And the wholesale workers turned to making trade more efficient overall.

First of all, the alternate technical methods of internal warehouse operations were worked out with due regard to the specifics of each group of articles. Specialization of warehouse facilities preceded the practical introduction of work warehouse facilities preceded the practical introduction of work methods directed toward a specific article. For example, stocks of outer wear were concentrated at a warehouse in Brandenburg, hosiery at a warehouse in Neuruppin, and underwear at a warehouse in Luckenwalde. Concentration of commodity stocks made it possible to vary the intra-group assortment of articles delivered to stores.

Providing each customer with clothing that fits is a responsible task. However, the price at which it is achieved is important. The Potsdam enterprise's collective serves approximately 1,000 stores. It would be easiest to entrust the workers of each specialized warehouse with the responsibility for supplying the goods of its specialization to all retail enterprises in their territory. But specialists have calculated that transport outlays would increase unjustifiably in this process, because each trip of a loaded truck would be followed by a return run with no load. In order to ensure efficient utilization of transport, wholesale workers made an unusual decision: The collective of each warehouse--irrespective of its specialization--must supply the nearest stores with all articles on the wholesale enterprise's products list.

For example, this is done in practice in this way: A truck loaded with outer wear intended for consumers in the republic's northern region leaves the Brandenburg warehouse to go to Neuruppin, and on the way back it returns with hosiery addressed to local retail trade enterprises to which this item is delivered in the fewest hours. As a result of such shuttle operations at all trans-shipping centers of the Potsdam enterprise together with concentration of articles of a specialized assortment, the current commodity stock oriented toward seasonal and market condition features of the local public's demand is organized for shipment to neighboring stores.

Arranging the shipping routes makes it possible to carry out these rather complex commercial maneuvers by input that is rational and justified by the end results. For example, the Potsdam enterprise's wholesale turnover increased by 58 percent and its net profit increased by 24 percent as measures to achieve over-all efficiency are consistently implemented.

Along with reorganization of deliveries of goods to stores, mechanization of loading-unloading and warehouse operations was carried out at the Potsdam enterprise. Approximately 70 percent of commodity warehouse facilities of

this wholesale enterprise are old converted buildings. For example, the Luckenwalde warehouse occupies the four-story building of a former textile factory built as far back as 1890. This facility was one of the very first to be modernized. The warehouse collective equipped the facility with elevators to lift goods, roller conveyors to move them on the floors, dump devices, and other means of small-scale mechanization through their own efforts under the leadership of a group of innovators. It is important that the modernization was carried out without stopping the trade process. All labor-intensive work, such as, for example, moving goods from one floor to another, was carried out here by the end of the week so that on Monday morning the warehouse would be ready to receive and ship loads.

In Romania, trade specialists determined, on the basis of observations of the nature of the delivery and sale of sewn and knit wear, what stock is needed for a store.

Clothing on the country's domestic market turns over in 3 months, or each article goes from the warehouse to the customer on an average of four times per year. Knowing the goods turnover plan of a particular specialized store or division, it is not hard to calculate the annual stock volume of sewn and knitted wear necessary to ensure the expected sales volume. However, experienced workers treated the calculated average indicator with distrust because the indicator did not take into account the consumers' need for, let us say, sarafan in the summer and a fur coat in the winter. It would be necessary to adjust the supply of goods with a seasonal demand to stores so that each article would go on sale by the necessary time, and the customer's wardrobe would be replenished at the necessary time.

This problem was regulated in practice by a special ukaze of the State Council that set new time limits for beginning and ending clothing shipments to stores. We should note that the set seasonal limits for delivering sewn and knit wear do not coincide with the traditional division of the year into four periods. On the contrary, our colleagues in Romania believe that a sled should be prepared in summer and a cart should be prepared in winter. For example, delivery of the spring assortment of clothing begins on 1 December, and 70-85 percent of the total volume of its reserves accumulates in the stores up to the approach of the mass selling season. And their appearance on the retail market is discontinued 2 months before the end of selling of seasonal goods to the public.

Practice has shown that the optimum correlation between the stock volume and selling of articles was established when the conditions of shipping clothing to stores were changed. According to the observation of specialists, clothing reserves, as a rule, are maintained at one level during the entire mass selling period and consist of one-fourth of the total sale volume planned for the season. This is precisely the proportion necessary to assure a wide selection and the steady selling of articles to the public.

The picture changes by the end of the mass selling period. Consumer demand for the ending season's clothing decreases, and its stocks are appreciably

reduced (up to one-eighth of the total sale volume). And this decrease is justified: the lower the final stock of seasonal goods, the lower the cost of discounting them.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### POOR PLANNING LEADS TO OVERSTOCK OF UNPOPULAR TEXTILES

Moscow PRAVDA in Russian 1 Apr 84 p 2

[Article by PRAVDA correspondent S. Ryabov, Perm Oblast: "One-Sided Agreement; Word and Deed: We Check the Fulfillment of Obligations"]

[Text] An enormous area of a warehouse of finished products was stuffed to the limit. Slips of paper with the laconic inscription "To the Trade Middleman" were fastened to many piles of suit, dress and shirt fabric.

"We have no buyers for these products," comments A. Klyagin, chief of the sales department of the Chaykovskiy Silk Fabric Combine. "We have to look for them through middlemen. If previously 20,000 meters piled up at the warehouse, we took it as a numerical indicator. But today there is more than a million! At the same time there is no demand even for products with the "N" index and with the Seal of Quality.

"Actually, the collective of one of the best enterprises of the RSFSR Ministry of the Textile Industry now appears in the complex binding. Recently a lot was done to raise production, improve the quality of production and solve social-consumer problems. A good production pace, confidence in its abilities and a strong desire to expand underlay the obligations of Chaykovskiy Textiles for 1984, which were published at the beginning of January in PRAVDA. Among the points there is the following, "Fabric to be supplied strictly in a planned variety and within deadlines set by stipulated obligations."

And suddenly there was a glut of millions of rubles' worth. Doubt is cast not only on the fulfillment of commitments but also the honor of the enterprise, which here has become much more important. Whose fault is it? Did the people engaged in production forget something, or did objective factors play a role here?

It was June of last year. The wholesale trade fair had just finished. Representatives of the sewing enterprises and trade had selected fabric and let contracts for their delivery with the textile people. The deputy of the chief engineer of the Chaykovskiy Combine, V. Rybin, was worried: of the 112 million running meters of fabric--the program for the next year--they had not been able to sell 5 million.

"Trifles, nothing terrible," they reassured him at the combine, "the demand will still equal the supply, and so it isn't worth adjusting production."

But when the goal for 1984 became known, the managers of the enterprise became agitated. The Ministry required an increase in the volume of production in retail prices of 4 percent over the present level. Why? There are no reserve capacities, and capital for materials is limited. Conversion to a more expensive assortment of fabrics also did not guarantee success--the consumer might refuse such products. One thing remained: to increase the output of higher-demand fabrics, for which it was necessary to develop new figures, confirm them at the designer soviet and obtain the right to mark the goods with the "N" index.

This was no sooner said than done. Another assortment was placed partially in the run along with the old. And here something unexpected happened: the customers refused the new and required shipment of those fabrics which were included in the contract at the trade fair.

"In order to unload somehow," the director of the combine, B. Yakovlev, says, "we had to return to the previous policy: produce a reliable, cheaper assortment. That is, the contract deliveries will be made, but the implementation of the plan will be set back. In other words, the production program appears...unbalanced in volume index and supply according to the contracts."

It is appropriate to add that the storage situation is characteristic not only of the Chaykovskiy textile factory, but also of a number of other branch enterprises. But, in the words of the chief merchandising specialist of Perm enterprise of the wholesale trade of the Russian Textile Trade, A. Guseva, several years ago this problem did not exist: the sewers and the trades took everything that was offered them. Now the market is sufficiently saturated with products turned out by the textile industries, and in order to fulfill the goal, they must know popular demand better and more precisely.

Thus, all this amounts to one thing: it is necessary to strive for a specific consumption. Sewers and the trades try to verify this, and the people engaged in production up to now have often acted according to the past guidelines. At the Chaykovskiy combine the plan is annually cut short as regards the creation of original designs, orders are not filled for them, and the index of assortment is sometimes ignored. Only recently were measures set for optimum fulfillment of contract obligations. "We shall do everything in our power," it is said at the combine, "but we need the help of the Ministry, the Russian Silk Industry Association and related enterprises."

The limitation is not accidental. We shall take one of the most acute problems--supply. Up till now the conclusion of contracts for delivery of fabrics of a certain assortment has taken place extremely conditionally. The persons involved in production cannot give a solid guarantee to the customer that he will obtain the total volume or date promised for what was purchased at the trade fair. Why? The Balakovsk Association "Khimvolokno" last year skimmed off a total of 25 percent of the capital of the

Chaykovskiy enterprise. At the combine, instead of blue fabric for a school uniform, it was necessary to put out red. Because of the lack of the "Vavilek" viscose fiber for production of jeans fabric, sets of gray yarn were prepared. Now more than 100,000 running meters of this fabric sit in the warehouse.

There are many reproaches for poor delivery schedules for fiber and dyes.

"Very often subcontractors send us material at the end of the quarter," complains the engineer for supply section, A. Filimonova. "Frequently it is necessary to repair equipment with what is on hand. Here we never think about conformance to contract obligations. On the contrary, the combine keeps 700 tons of raw viscose above insurance reserve. And this is dacron fiber--the very bottom. If we were to break up the graphs of deliveries by months, it would become easier to work. But up to now this is a nightmare!"

This nightmare (production necessity, lack of regularity in material supply, low quality of dyes and apportionment of capital on a reduced level) is well-known in the republic's branch of the Ministry, the Russian Textile Raw Material Marketing and the USSR Ministry of Industry. However, efficient measures are not being taken. For a long time workers of the Soviet Ministry have been wrangling with the Ministry of the Chemical Industry: who should provide the textile people with different colored fibers.

Of course, people in related industries have their own problems. Thus why would not all interested parties develop a joint plan of action? It is well known that today one of the most important indexes of the work of an enterprise is the fulfillment of contract deliveries. And if the Chaykovskiy combine tries to do this, then their partners must also do the same. Thus, it is necessary to task for a very strict accounting of violations.

The fact that the textile industry is frequently forced to produce that which is not needed is partly also due to the planning system.

"Wholesale indicators bind us hand and foot," specialists affirm. "It is a paradox: in the sector which is related to the production of consumer goods, customer demands often take a back seat."

The Chaykovskiy people are proposing a reduction in the density of the web thread but an increase in the cross-section of the weft. The expenditure for fiber does not change, and the cost per meter of fabric remains the same. However, the properties of the product become considerably better.

There are a lot of bottlenecks in the work of textile people. It is possible to overcome them with the total energies of related industries and the active assistance of the interested ministries and supply and market organization..

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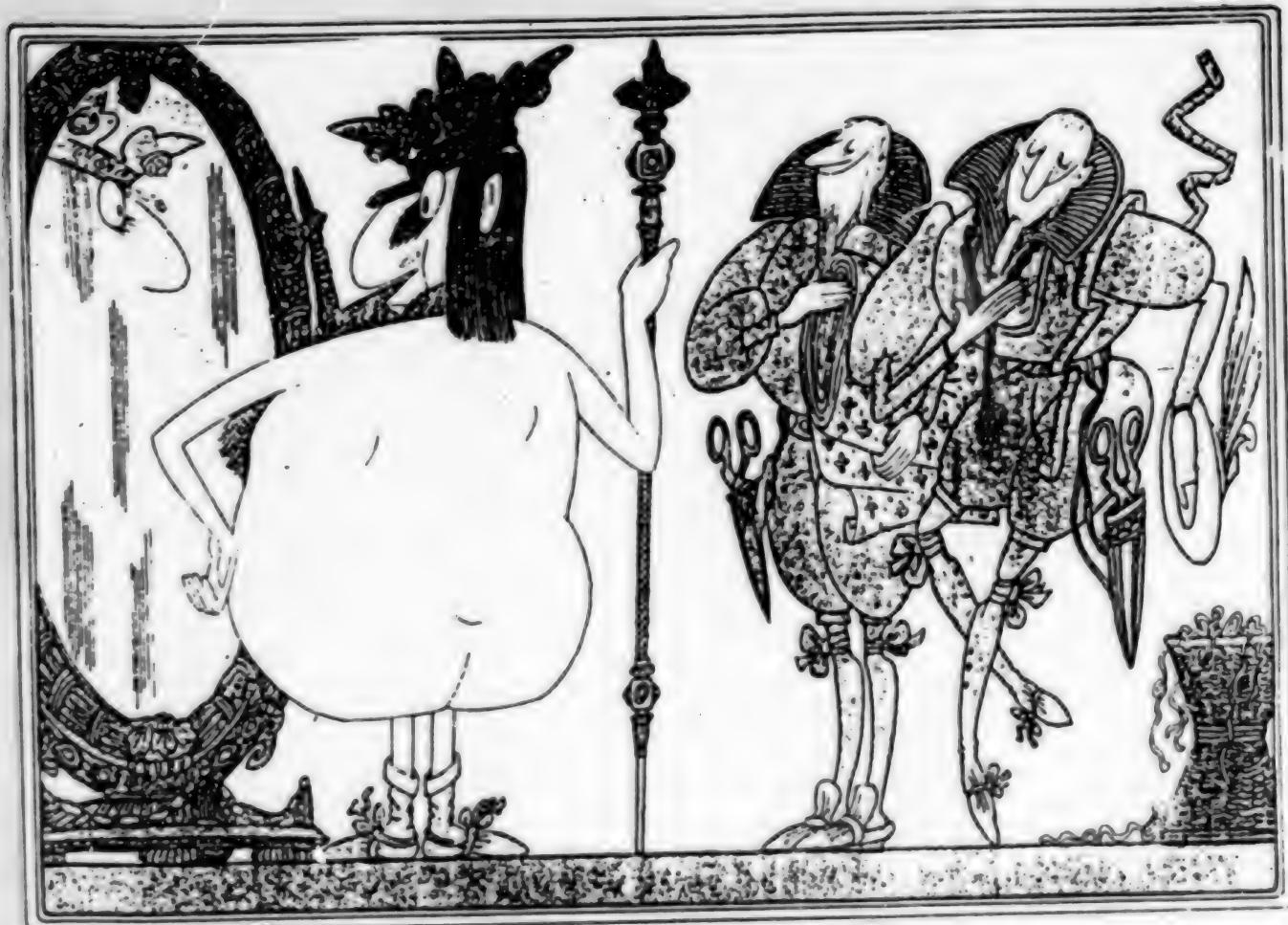
CONSUMER GOODS PRODUCTION AND DISTRIBUTION

CARTOON COMMENTARY ON CONSUMER GOODS

KROKODIL Comment

Moscow KROKODIL in Russian No 3, Mar 84 p 10

[Text]



— Это платье мы сшили из сэкономленного материала!

Рисунок Е. ШАВЕЛЬНИКА.

—We made these clothes from leftover material!

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## Rarity of Good Service

Moscow KROKODIL in Russian No 18, Jun 84 p 12

[Text]

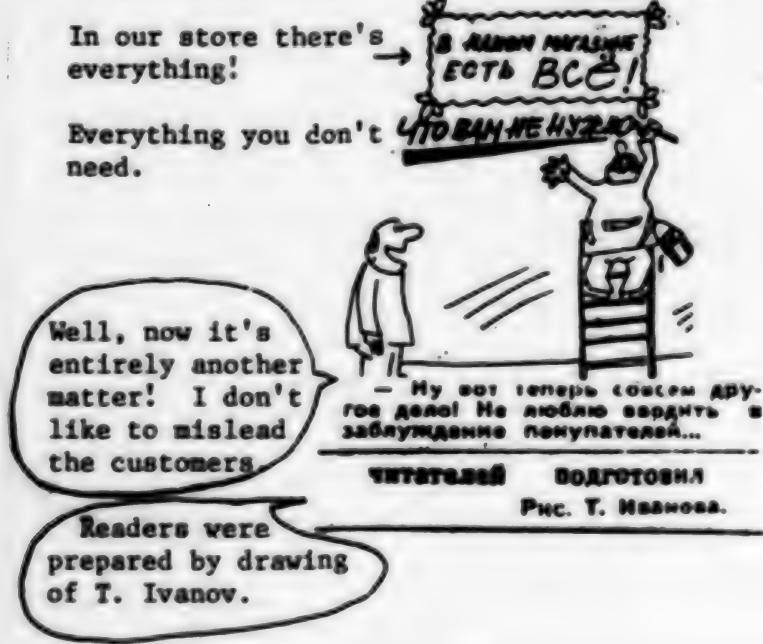


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## Nonavailability of Quality Goods

Moscow LENINSKOYE ZNAMYA in Russian 9 Jun 84 p 2

[Text]



## **CONSUMER GOODS PRODUCTION AND DISTRIBUTION**

### **EXAMPLES OF CEMA TRADE IN CONSUMER GOODS NOTED**

Moscow KOMMERCHESKIY VESTNIK in Russian No 8, Apr 84 p 41

[Article: "Orbit of Cooperation"]

[Text] CEMA member-countries are satisfying their requirements for textiles, refrigerators, television sets, and washing machines by more than 90 percent through their own production and reciprocal deliveries. Approximately the same situation exists with regard to other consumer goods.

Among the countries of the socialist fraternity, the largest exporters are Hungary, the GDR, and Czechoslovakia. Approximately 70 percent of all exports of manufactured consumer goods come from these countries. The largest suppliers of textiles are Czechoslovakia, Hungary and the USSR; the largest suppliers of knit wear are Hungary, the GDR, Poland, and Romania, and the largest suppliers of foot wear are Czechoslovakia, Poland, and Romania.

In accordance with the protocol regarding the exchange of consumer goods and scientific-technical cooperation in the area of internal trade between Bulgaria and Czechoslovakia in 1984, an exchange of various goods worth 26.4 million rubles, which is 26 percent higher than in the previous year, is anticipated. Czechoslovak automatic washing machines, vacuum cleaners, mixers, dyes, cosmetics, floor waxes, foot wear and other products will appear on the Bulgarian market. Bulgaria will supply ceramic items, souvenirs, leather haberdashery articles, shirts, toys, and other products to Czechoslovakia.

The cooperation of the GDR and USSR in the production of consumer goods has broadened in scope in the last two years. During that time, 22 intergovernmental and industrial agreements have been concluded on more than 50 cooperative projects. These agreements provide for modernization, rationalization, and intensification of the work of enterprises and production sections for the purpose of increasing production, improving quality, and broadening the assortment of consumer goods in demand by the population of both countries. An agreement on the rationalization of production of soft furniture, chairs, and matches recently signed by the ministries is aimed at this.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### KAZAKH SHOE FACTORY'S PROBLEMS AIRED IN IZVESTIYA

#### Factory Worker's Letter

Moscow IZVESTIYA in Russian 5 Apr 84 p 3

[Letter from V. Ruzanova, a worker at the Karaganda Footwear Factory, deputy of the Kazakh SSR Supreme Soviet: "They Are Paying Us Bonuses for Spoiled Goods! Why They Are Producing Footwear at a Karaganda Factory That the Consumer Does Not Need"]

[Text] I have been working for several years at the Karaganda Footwear Factory. There was a time when much here seemed incomprehensible and I used to look for explanations for it. But the more I looked into things the more obvious my conclusion became: the situation prevailing at our enterprise is essentially in opposition to the interests of the state and immoral with respect to the labor collective. My work comrades agree with me and the subject has also been repeatedly discussed at meetings of the collective. But little has changed.

The essence of the matter is as follows. Our factory produces footwear, more than 3 million pairs annually. It turns out that today this amount is sufficient to fill all the spare space in the stores. Our product repels people rather than attracting them: it is squeezed onto the shelves in gray heaps and the glances of the purchasers are indifferent. Even we ourselves never buy the footwear that we have made: you feel ashamed to put it on even for everyday wear. And the unsuitable appearance is supplemented by the poor quality. Spoiled goods make up about 2 percent of total output, and more than 10 percent fails to meet the requirements of state standards. These, as they say, are the official figures, but in reality they are much higher for this footwear.

It would seem that the solution is obvious: halt production of the worthless product and start producing what people need today. But for this we need modern materials and new flow lines and machines. All our appeals to the USSR Ministry of Light Industry have come to nothing: they always have a reason for postponing the resolution of this question until later. As for the republic ministry, they long since gave it up as a bad job: not a single item of equipment has been allocated for the enterprise in the plans for retooling the sector through 1990. And our work will cost the country a pretty penny if we just do the same thing for the next 15 years.

Ah, you say, this is a fantasy; such a thing really could not be. But in fact, externally all seems fine at our enterprise, even though the efforts of 2,000 people and vast amounts of material and state resources are essentially being wasted. At study sessions on production economy and at the trade union and workers' meetings they are constantly calling on us to show a solicitous attitude toward materials and energy resources and to improve labor productivity. The results of socialist competition are regularly summed up and the winners awarded challenge pennants. Our plan for the production of footwear is overfulfilled, the profits come in, and production profitability is good.

As a working person I think that all this not only does economic harm but also dampens the ardor of the collective, especially young people.

I appeal to you, dear editor, and I request someone to explain to me and my comrades why and for whom such work is necessary.

\* \* \* \*

IZVESTIYA correspondent G. Shipit'ko visited the factory. Alas, everything that V. Ruzanova wrote is true. On flow lines equipped with obsolete equipment they are producing articles that enjoy no demand among purchasers.

"It would even be worthwhile to change the rubber soles for a polyurethane or some other molded sole," explains A. Knorr, who was recently appointed director. "The footwear would immediately enjoy enhanced demand. Sometimes, not often, we manage somehow, by various means, to get just a few thousand of these kinds of soles and then the footwear literally sells like hotcakes. And meanwhile, footwear that hardly anyone wants to wear makes up an absolute majority of our output."

The constant complaints from the trade organizations provide eloquent confirmation of the director's words. Containers with the footwear are returned to the factory with the seals still unbroken. This has become a normal occurrence here.

The factory also remains extraordinary in terms of working conditions. It was not built as a single project. At one time there were only production premises, without domestic areas. And even in the shops themselves, where the air is very poor, working conditions are not of the best. For many years the enterprise has been allocated no funds for the construction of housing, a club, rest rooms, medical and sanitation sections. And as a result personnel turnover is high and the factory is only 70 percent staffed.

This is how things are. And why it has happened remains unclear, even after our correspondent has visited the Karaganda Footwear Factory. The editorial office therefore considers it useful to invite the author of the letter, Valentina Aleksandrova Ruzanova, to Moscow so that together with her we can visit the USSR Ministry of Light Industry and try to find some answers there to the questions that have been raised.

## Light Industry Minister's Response

Moscow IZVESTIYA in Russian 6 May 84 p 3

[Interview with USSR minister of light industry N. Tarasov by G. Shipit'ko and Ye. Takovlev: "They Are Paying Us Bonuses for Spoiled Goods!" (The Title of a Letter from V. Ruzanova, deputy of the Kazakh SSR Supreme Soviet) The Minister Responds to Her Questions"]

[Excerpts] Why Are They Producing Footwear at a Karaganda Factory That the Consumer Does Not Need? This was asked in a letter from a worker at this factory, deputy of the Kazakh SSR Supreme Soviet, V. Ruzanova. IZVESTIYA published this letter a month ago.

We were unable to invite V. Ruzanova to Moscow: immediately after her letter appeared in IZVESTIYA, the USSR minister of light industry, N. Tarasov, did it. At that time the leaders of the republic ministry and of the Karaganda Footwear Factory were also summoned.

When he met with the author of the letter N. Tarasov asked: "What was it that made you make this appeal through the newspaper?"

"The demands were growing and our work was deteriorating. Even on a subbotnik, while some were producing extra output others were just tidying up the place; we even had workers busy getting rid of the spoiled goods. More than 4 million pairs of unmarketable products have now been stored at the factory. I have spoken about this in the aktiv and have twice been received by the republic minister of light industry. The answer is always the same: your factory is a standard factory, you have everything you need to find a way out of the situation. But how can a solution be found if the equipment is obsolete and the raw materials unsuitable? Even the domestic premises are being used for production. We have no showers, no locker rooms, no sanitation section, no water fountains. There is no ventilation in the shops."

"Valentina Aleksandrovna, I must agree with you. The existing situation has become intolerable. And the republic ministry, which has stood aside from the problems and needs of the factory, is primarily to blame. But we cannot exonerate ourselves, either. Several months ago we adopted a decision on the development of the leather footwear industry in Kazakhstan. And your factory was not even mentioned in this decision."

"This is what has upset us most of all: no changes of any kind have been provided for in 20 years," V. Ruzanova remarked.

"Your factory has now been in existence for 19 years and fixed capital has worn out and, of course, new equipment is needed. This example just proves yet again that the development of a sector should be comprehensive. The Karaganda Footwear Factory has been forgotten, but you remembered it. Our duty is now to quickly send there everything that is needed to do what was not done earlier, and to begin producing good output and create proper working conditions."

While V. Ruzanova was in Moscow a commission of the all-union ministry was working at the factory in Karaganda and drawing up proposals for the reconstruction of the factory. The collegium has reviewed these proposals. And V. Ruzanova participated in its work.

On the walls of the conference room in the Ministry of Light Industry there are diagrams and sketches of the proposed construction and the retooling of the factory. New models of footwear that they will be producing in Karaganda are also on display. It remains only to be hoped that when they go into mass production they are of the same fine quality and just as attractive; in that case, demand for this footwear will be assured.

"When will assimilation of the new range start?" N. Tarasov asks the chief of the ministry's Administration for the Development of Footwear, Leather and Leather Goods Industry, V. Melikhov.

"In May we shall confirm the final product list, and a month later the first batch will be produced. A group of specialists is going to Karaganda to help in assimilating the new output."

How much, then can be done, and, most importantly, how quickly it can be done, when criticisms are taken up in a businesslike way. Preparations for the reconstruction of the factory are now underway. At a meeting of the collegium they have reviewed the stage-by-stage retooling. It has been decided to start with the small-series production of the new models of footwear so as to develop the new product range. Next year Czechoslovak flow-line installations will be started up. Provision has been made for the delivery of good quality raw materials and materials. Preparations are being made for the construction of a 9-storey domestic complex and a 120-apartment housing block.

Responding to the editorial office the USSR minister of light industry N. Tarasov has reported: "Control has been established over the activity of the Karaganda Footwear Factory. During the fourth quarter of 1984 the course of fulfillment of measures to improve operations at the factory will be reviewed at a meeting of the USSR Ministry of Light Industry Collegium."

Before signing the order, however, the minister again met with V. Ruzanova.

"Are you satisfied now, Valentina Aleksandrova? Ministry specialists will very soon be arriving at the factory. The collective will be informed about what it is intended to do. New questions will probably surface, prompted by the workers and engineers."

"It is an interesting solution," V. Ruzanova agreed. "Now all our collective has to do is work, work. But as a deputy, Nikolay Nikiforovich, something else also concerns me: are there other footwear enterprises in the country that have found themselves in the same situation?"

"There are now few enterprises such as your factory. We are now working on a program that provides for the most serious restructuring of the entire sector in the coming years. In order to implement the "Obuv" ["Footwear"]

program, you understand, funding will be needed, and substantial funding at that. But I think that it will be found. Your appeal through the press has to some extent anticipated a future decision."

"And if I had not written, everything would have stayed the same?"

"I make this comment in no way as justification; nor should our work be idealized. In addition to the leather and footwear industry we have another 28 sectors and more than 6,000 production points. If you talk about your factory, we knew that capacity was rising, but everyday conditions were not taken into account. At the same time, the republic ministry made domestic premises into production areas instead of comprehensively developing the enterprise. The output of products that today enjoy no demand was increased. You, however, looked at things differently, exactly as comrade K.U. Chernenko said at the CPSU Central Committee April Plenum: 'Our economy would gain much if the soviets would follow the rule of thoroughly and objectively assessing the work of economic leaders at all levels.'"

"All our requests for reconstruction and supplies have, up to now, been refused. Now, suddenly everything has been solved. How was it that suddenly you managed to find reserves to help precisely us?"

"We have certain reserves. We would be poor managers if we did not."

"But what if tomorrow another worker from another collective appeals for help to you personally, Nikolay Nikiforovich, or through a newspaper? What will you do?"

"We shall try to sort it out. If it is essential, we shall help. Life is life. Wherever people work with spirit and care about what they are doing they will always manage to do what is needed and useful for all. And nothing is achieved without an effort."

It is difficult to say; I am not sure that all readers will agree with everything that the USSR minister of light industry N. Tarasov said. Of course, it is impossible to count on one-off appeals from any given enterprise. Thought must be given to the technical policy in force and the style of the ministry's work, which would exclude similar extraordinary circumstances where they lose sight of an entire factory. It is also a matter of something bigger--our economic practices. A collective 2,000-strong was producing output that the consumer essentially did not need, and this was done not just for a day or a week. And no alarms sounded, no signals were sent through the chain of management to take extreme steps. It is also important that in all this the factory was a prosperous, profitable enterprise.

We talk today with justified expectations and much hope about economic experiments during the course of which ways are worked out for improving the management of the national economy. But no expectations or hopes can shield us from what is happening today, this very minute: whether you produce quality output or unsuitable output, national assets are being thrown to the wind. The well-known truth that in order to live better we must work better applies first and foremost to today.

CPSU Central Committee general secretary comrade K.U. Chernenko has pointed out that the search for and introduction of what is new should be taking place not only at the enterprises involved in a given experiment: "I have spoken about the need for a major restructuring of the system by which the economy is managed. It is, however, understood that improvement in this system by no means amounts merely to the elimination of shortcomings in the activity, for example, of managers in terms of their duties. There is something else that is just as important: the matter must be organized in such a way that the initiative and creativity of the broadest working masses can be revealed in all their fecundity and strength."

One example of this initiative is the action taken by a deputy who was alarmed at the fate of her own enterprise. V. Ruzanova's letter and her ability to defend the state view is yet another confirmation of how much has been given to the soviets and how great their rights and possibilities are in solving the most urgent problems.

The IZVESTIYA editorial office intends to follow attentively the fulfillment of the pledges made to the Karaganda Footwear Factory and to tell our readers about it.

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## CONSUMER GOODS PRODUCTION AND DISTRIBUTION

### STANDARDIZATION OF ELECTRICAL APPLIANCE PARTS URGED

Moscow EKONOMICHESKAYA GAZETA in Russian No 28, Jun. 84 p 9

[Article by K. Vinogradov, candidate of technical sciences: "The Standard Saves Resources: On the Problems of Standardization of Household Appliances" under the rubric: "Economy and Thrift"]

[Text] Between 1978 and 1980, standards were introduced for parametric (standardized) lines of refrigerators, washing machines, and vacuum cleaners. The purchaser of these appliances remains the principal beneficiary of standardization, owing to the fact that appliance repair ceases to be a "problem" due to lack of spare parts, or incompatibility of the different parts. The introduction of standards also has a great economic effect for the national economy as a whole.

However, there are still quite a few obstacles in the path of standardization of domestic appliances. And they are put there for purely departmental reasons: the desire to develop "one's own" model independently, without considering the overall standards. Here is a characteristic example:

The Ministry of the Electrical Equipment Industry was assigned the project of developing the basic component of a vacuum cleaner—the air-suction unit. All newly-created vacuum cleaners made at the enterprises of the five ministries who produce these household appliances should install these units. One would think that this would solve all the requirements of standardization. But there's one "small" detail: the developers did not concern themselves with retaining the connecting dimensions of the unit, which had long been common for all models, and which had no effect whatsoever on the properties of the vacuum cleaner. This means that after the new unit is produced, it will be practically impossible to repair the 37 million vacuum cleaners presently in the hands of the public; you see, you cannot exchange the old units with the new, because the connecting dimensions do not match.

There's no telling what motivated the developers in so doing. Nor, incidentally, can one understand why the air suction units of series "A", developed for production by the Ministry of the Electrical Equipment Industry, are not in compliance with All-Union Standard 27-56-208-81, and are thus irreparable articles. By the way, the cost of the unit comprises half the cost of the entire vacuum cleaner, and the majority of vacuum cleaner repairs are connected with the malfunctioning of this unit.

It's not hard to calculate the amount of additional expenses required to repair the appliance. You see, the failure of one ball bearing weighing 10-15 grams involves the expenditure of 1.8 kilograms of metal (the weight weight of the unit).

Unfortunately, such extraordinary occurrences also take place with other kinds of domestic appliances. For example, the development and creation of hair dryers in the country is the province of the special design bureau at the Yaroslavl' Electrical Appliance Plant. They've only recently begun to produce them, but they are already producing 22 models of the device, and are designing 4-5 new models every year. There is practically no standardization for these appliances. It's true, the special design bureau is doing the preliminary work, but before it's finished, according to our calculations, the stock of these appliances could comprise over 40 models.

Presently, the situation with respect to intraplant standardization is best of all. But here too, in terms of the basic mass of domestic appliances and devices, it amounts to no more than 20-30 per cent; although, 70-80 per cent standardization could be achieved within the limits of a single standard, without harm to the consumer qualities of the refrigerators, washing machines and vacuum cleaners.

Standardization is not a hindrance to improving technology, but, on the contrary--it is a means for raising its technological level and consumer qualities. For example, the leader in production of household refrigerators is the imeni Likhacheva Plant [ZIL-Zavod imeni Likhacheva], which began to manufacture them over 30 years ago. But they have considered the prospects for development here and have developed the reliability and quality of the household refrigerators in such a way, that the standard four models in the ZIL family have always enjoyed a high reputation among the consumers.

One cannot speak seriously of standardization if development of the basic model is permitted after it has already been modified. Such was the case with the PN-600, a vortex type vacuum cleaner. The Uralelektrotyazhmash [possibly Ural Heavy Electrical Equipment] Production Association was assigned the task of developing the basic model, but the modification was assigned to the Sputnik Production Association in Leningrad. Uralelektrotyazhmash did not produce the documentation in time, and Sputnik was forced to prepare a vacuum cleaner for production which was a modification of a basic model which did not exist. And in accordance with All-Union State Standard 10280-83 and All-Union Standard 27-56-394-78, there must be 80-85 per cent standardization among the two. How can this be achieved now?

Three more enterprises don't know what to orient themselves on in this case: the Elektrosila association, and the Prokpo'evskiy and Khar'kov plants, which were also assigned to produce modified PN-600 vacuum cleaners.

One would think that the developers of new household appliances would show more concern for standardization as they make design decisions. The standards require this, and failure to comply is punishable by law.

## **CONSUMER GOODS PRODUCTION AND DISTRIBUTION**

### **UPDATE ON INDUSTRY EXPERIMENTS IN BSSR, LiSSR, UkSSR**

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 8 May 84 p 2

[Article under the heading "Economic Experiment: Practice and Problems":  
"Strictly According to Contracts"]

[Text] The work of the participants in the economic experiment is improving every month. Their growth rates of production and labor productivity are higher than the industry average, and sales plans with regard to deliveries are being better met. Belorussian light industry workers, Ukrainian food industry workers, and Lithuanian local industry enterprises are completely fulfilling their contracts. The indicator in the Ministry of Heavy and Transport Machine Building is 99.8 percent, and it increased to 99 percent in the Ministry of the Electrical Equipment Industry. Today we are publishing materials in which the experience and problems of the economic operation under new conditions are recounted.

#### **Levers and Incentives for Deliveries**

At the present time, all 66 associations and enterprises of the Belorussian Ministry of Light Industry are meeting their delivery contracts. The improvement is very significant. A year ago there were 33 violators of contract discipline, and undelivered products were estimated at 14.2 million rubles.

What influenced the improvement in the work of the experimenting collectives? First of all, more thorough study of quotas and their coordination with material-technical resources. Related enterprises and organizations played an important role. For example, the Belorussian railroad administration fully provided the participants in the experiment with medium-tonnage containers, and they met their obligations to small consumers on time. On the other hand, wholesale trade centers decreased the number of orders for shipment of small transit batches and stepped up control over organizing orders and grounds for rejecting the ordered products. The active stand of the personnel of the republic Ministry of Light Industry also had an influence. The permanently operating ministry commission for control of the experiment's progress analyzed each enterprise's monthly results in detail. In the event of an enterprise's falling behind, the causes were ascertained, and prompt help

was given. For example, the Minsk Experimental Furniture Plant had a great number of deliveries of small batches. The plant met only 93 percent of its contracts in January. After a detailed analysis of the causes of its non-fulfillment, the ministry commission outlined specific measures that would ensure shipment of products that would take place with regularity, and the collective made up its January debts in the following month and fully met all deliveries.

The system of economic incentives also actively encourages the collective toward this. An additional 15 percent of the planned sum of this fund is now allocated to the material incentive fund when contracts are met. The control of meeting the delivery plan has also been strengthened on the part of the economic managers of enterprises and associations. The terms of the experiment specify that they may be rewarded with three pay checks [dolzhnostnyyoklad] when they meet the sales quotas with regard to deliveries. The effectiveness of this incentive is so great that there is obviously reason to extend such a stipulation also to the engineering and technical personnel and office workers who help in meeting the contracts.

It is now possible to conclude that the levers and incentives that ensure meeting of the delivery plan are fully functioning. However, it should be noted that their use does not solve all the problems of strengthening plan and contract discipline. The resources are there, and they are sizable. In order to fully bring them out, the related enterprises must be radically improved, primarily the work of the wholesale centers of the Belorussian SSR Ministry of Trade. Some of them continue to issue orders in small batches and hinder the work of industrial enterprises with functions that do not belong to them: sorting out of goods.

B. Smirnov, deputy chief of the Department for the Introduction of New Planning and Economic Incentive Methods, BSSR Goasplan. Minsk

#### The Right of Creativity

The Tauras Furniture Factory is a small enterprise of local industry, but we have our own product assortment: the so-called ethnic furniture. Our Ruta bedroom suite, Uoshve (Mother-in-law) kitchen furniture set, and Sodzhyus (Farmstead) entrance hall breakfront have a unique style with elements of old Lithuanian furniture. Its originality guarantees constant demand and high quality: One-third of the products are produced with the honorary pentagonal quality mark.

The economic experiment opened new opportunities to us, first of all, in the modernization and re-equipment of production. Already this year we will earn approximately 200,000 rubles for the purchase of equipment. And reinforcing the fund with bank credits, we will complete the first stage of modernization. The next stage will cost more: 780,000 rubles. But this circumstance does not limit us: We will receive money for construction from bank credit. We will pay off the loans quickly: Modernization will enable us to increase the production volume by 20 percent in a short period of time--note, with the same work force.

Such are the goals that the economic rights which are allowed us enable us to set. And how are they utilized at the present time?

First of all, we are achieving an over-all rise in practical initiative and a more complete evaluation of each individual's contribution. We spent much effort on normalizing material and technical supply. This is the main thing for us; everything depends on it: output, quality, and deliveries. We have improvements.

Initially, of course after careful calculation, we thought of increasing labor productivity by 1.8 percent. But the changed conditions of production made it possible to increase output by 5.1 percent.

Now only five indicators are specified for us instead of 12. But they are not initiated in ministry offices, rather they are worked out at the enterprise. We independently plan the production assortment and use the daily social-cultural and housing construction funds. And this, you agree, is not quite usual; it requires not only more economic competence, but also a deeply-felt personal participation in and responsibility for the results of collective labor.

The terms of the experiment gave us the right to broaden the boundaries of workers' material incentive. Just this year we will pay 18,000 rubles for high personal skill, combining two professions, and better quality indicators of work. This money is not a "hand-out" for the experimenters. It must be earned. We will be making additional payments for organizational improvement, an increase in labor productivity, and holding two jobs. We are especially encouraging the brigades who work with a smaller number of workers and produce a high-quality product.

Many felt the importance of the supplementary bonus payments in their family budget. Here, for example, we now pay skilled workers up to 40 percent of their salary in supplementary payments, but on condition that there is careful expenditure of the wage fund and the assortment quotas are completely met in the section.

I can say without exaggeration that it has become more interesting to work under the conditions of the experiment, that creative vitality is noticeable in many who had previously been considered irremediable "mediocre workers" and "unambitious workers." And this, in my opinion, is the main result and hope for even more significant successes.

K. Srebalyus, director of the Tauras Furniture Factory, Taurage, LiSSR

#### Guilty Without Guilt

It happened that having completed the first quarter well and one could even say excellently, the collective did not feel the benefits, not the ones promised but also those that one would expect would be guaranteed by the experiment. Was this unexpected? Of course not. However, we did not think that the situation from which previously a way out could always be found would hurt so painfully and harshly under the conditions of the experiment.

And here is what happened: Previously we were not systematically given a sufficient wage fund for the industrial personnel engaged directly in production. Last year, the disparity between the planned fund and the allotted fund was 80,000 rubles. But the over-all wage fund was quite sufficient, and we used it to compensate for the deficiency. The bank checked the over-all fund, and everything tallied.

But since 1 January, the main wage fund for industrial personnel engaged directly in production was calculated according to last year's fund. At the main administration they said: "Never mind. We'll get out of it somehow." The whole point is that the experiment does not leave any loopholes for "getting out of it." In accordance with the new rules, the bank refused to include the 80,000 rubles that we were not given last year. The financial situation became difficult: There was hardly enough money to pay for labor, but any increases in wage rates, salaries, and supplementary payments for combining professions are out of the question.

The shop chiefs were informed of the wage fund's strict limit, and this immediately led to negative occurrences. Salaries were "squeezed" everywhere possible. In some cases, they were lower than previously. There is also another negative side: In the shops, they try to economize on things that are indispensable at a given moment, such as repairs and transport and other operations.

Today one thing is clear: We will not be able to extricate ourselves from the situation that has come about on our own. It has turned out that we are guilty without guilt. Our plant is new: it has been operating for 4 years. We have a planned work force and planned wage fund. They are quite tight, I must say, but even they are being reduced. We are operating with a work force that is 240 people fewer than the number required by the plan. And although the output per worker is the highest in the industry, salaries are not at all in line with it.

There are problems of internal order which, however, you cannot solve internally. For example, according to the terms of the experiment, it is allowed to set a supplementary payment for fourth, fifth, and sixth grade workers, but the majority of workers in our industry have a third grade rating. Let the accepted standards be lower, but the majority of personnel at the enterprise cannot be completely excluded from the experiment.

Or there is transport. Such a concept as related enterprise does not apply to it. There is no boundary between us. We are trying to maintain friendly relations with Kievgruzavtotrans [Kiev Motor Vehicle Freight Transport], but interruptions take place as before. The sums allocated for transport do not provide for the production program no matter how economical it is. Difficulties occur with sales. For example, there is enough beer and Pepsi in Kiev, but requests come in from the oblast and there is nothing to deliver it with.

Life has forced us to achieve a high level of mechanization.

Everything that we produce is put in box pallets. The loading is done faster than the paperwork. There are 12,000 box pallets in operation, and each of them makes 40 turn-arounds per month. The wood is worn out quite quickly, and there is nowhere to get a replacement. We obtain the box pallets from Arkhangelsk and Ismail. The suppliers are constantly in debt to us. And nearby in Kiev, an enterprise of the Ministry of the Fruit and Vegetable Industry makes 55,000 box pallets per year and ships them outside the city and republic. Attempts to investigate this "box pallet" story were of no avail. There is one solution: to open a new production line here as we did with polyethylene boxes. The only question is where to get funds for metal and wood.

In a word, the economic rights given to experimenting collectives turned out to have limitations that hurt the enterprise.

It is always more difficult for those who initiate. We went into this with awareness, but our surroundings have become a weak point. The pressure of old rules and habits and the absence of combined efforts may seriously hinder the utilization of the given rights. It is necessary to correct the activity beginning with the initial steps of the experiment to prevent this from happening.

L. Ryabchenyuk, director of the Obolon' Brewery, UkrSSR Ministry of the Food Industry. Kiev

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## HOUSING AND PERSONAL SERVICES

### OFFICIAL ANSWERS QUESTIONS ON RSFSR HOUSING CODES

Moscow SOTSIAL'NAYA INDUSTRIYA in Russian 13 Jun 84 p 4

[Replies to letters from readers by A. Titov, department head, Main Housing Administration, Ministry of Housing and Municipal Services, RSFSR: "Affairs of Housing"]

[Text] P. Koslov of Perm' writes: "While our building is undergoing major repairs, the tenants will be moved to another area. This repair work may go on for a long time. I would like to receive equivalent housing right away. Is this possible?"

[Answer] "Yes. The procedure is stipulated in Article 82 of the RSFSR Housing Code. In exchange for the housing accommodations offered to them for the duration of the major repair work, the tenant and the members of his family may be offered, for permanent residence, other, well-appointed housing accommodations. But this is done only with their consent."

P. Rozov writes from Moscow: "Can a cooperative apartment be left to one's heirs?"

[Answer] "No. A residential house belongs to the housing construction cooperative according to the cooperative property law. Only accumulated shares (money), which are the personal property of a member of a housing construction cooperative, may be willed to heirs. A general meeting of the cooperative has the authority to accept as members of the housing construction cooperative (with the consent of the ispolkom of the local soviet of people's deputies) certain heirs, with the condition that each of them has a separate room in the apartment. Heirs who did not use the apartment while the owner was living, or who have declined further use of it, will be paid the value of the shares or the portion due them."

A. Abramova writes from Saratov: "The residents of our apartment house are moving to another area, because the house is to be demolished. I am living in a one-room apartment with my grown son. My son and I would like to get a two-room apartment. Do we have the right to do so?"

[Answer] "The Basic Housing Legislation of the Union of Soviet Socialist Republics and the Union Republics (article 23) stipulates, that when housing accommodations are offered, it is not authorized to permit people of opposite sexes who are over nine years old to live in the same room, unless they are spouses. You and your son should be provided a two-room apartment."

A. Ryabova of Gor'kiy writes: "I'm living in my own house. At the present time the house is to be demolished, and our family is being offered an apartment. Is it not possible to move our house to another place. Is there such a procedure?"

[Answer] "In accordance with Article 45 of the Basic Housing Legislation of the Union of Soviet Socialist Republics and the Union Republics, if the owner of a residential house or building which is to be torn down desires, they may be moved and reestablished in another area. But only within the bounds of the given locality, if the legislation in force there permits allotment of plots of ground for individual housing construction, and with the stipulation that the physical condition of the residential houses and their construction permit moving them.

"In the given case, moving the house and reestablishing it in a new location is not possible, since allotment of plots of ground for individual housing construction in the city of Gor'kiy is not permitted."

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## HOUSING AND PERSONAL SERVICES

### SPARE PARTS UNAVAILABLE, WORK POOR AT AUTO SERVICE CENTERS

Moscow PRAVDA in Russian 23 Apr 84 p 3

[Article by V. Brovkin: "Paying for Deficiency: Review of Letters on Auto Service"]

[Text] "Is that how everything is done? You leave the keys from the garage and the car and the repair request, and the next day the Zhiguli is like new? Even if the spider [Krestovina] is broken, or let us say, the distributor shaft has worn off."

My "yes" disappointed the person I was speaking with.

"Don't tell me tales," he summed up, "because those are all parts that are hard to get."

I am not offended. And I am not afraid of the mistrust of hundreds of car owners from various cities who share the opinion of Z. Akhtariyeva from Almalyk, Moscow resident V. Merenkov, and A. Gukovskiy (Khmelnitskiy Oblast). They believe that there are still serious problems in the private conveyance service and repair organization. One cannot but agree with this opinion. Nevertheless, I saw with my own eyes work that is organized efficiently. Everyone can be convinced of this himself; here is the address: Zhiguli Garage-Construction Cooperative No 2, Kuntsevskiy Rayon, Moscow.

Repair shops similar to those that have been opened at the capital technical aid and garage service station in Kuntsevskiy Rayon are also operating in nine other cooperatives which allocated accommodations. The station workers checked 230 Moscow garages altogether and found the requisite conditions for repair service in 45 of them. The firm is ready to take garages and large auto stations everywhere in the city under its wing if it is provided with easily assembled repair shops.

"It is annoying," says station director O. Kornev, "that money that the state could be receiving passes into the pockets of "experts." But even last year we took in 200,000 rubles for our services; the present year's plan [stipulates] 290,000 rubles. We have confidence that we will exceed it."

"And how is the problem of spare parts being solved?"

"Public commissions of auto owners have been established in garages. All parts in short supply are distributed under their strict control. We were convinced that when the matter is organized, parts do not disappear here and there; they are not being sold for stock; the rate of consumption of spare parts is enough to maintain a motor vehicle in good working condition."

That is our experience. A small organization trying to develop looks for client and draws him in with high quality of service, trying to satisfy his requirements as well as possible.

All auto service enterprises are called upon to operate in precisely this way. "I must note," writes G. Sifarov from Chelyabinsk, "that a motor vehicle is not just an ordinary thing needed in everyday life. Travel safety on roads and sometimes people's lives depend very much on its being in constant good repair." That is true. A motor vehicle is a highly dangerous means of conveyance. Its "health" is our health.

But here A. Sobolev (Stavropol Kray) tells how they are serviced at the station in the city of Lermontov. Only after his third visit there did they finally take his Zhiguli for repair. The owner received his car back only after 4 days, although all of the work could have been completed in one work shift. And what is more, it was discovered that much work that had been paid for was still not done. The front wheel bearings, headlights, and even the brakes were not adjusted. N. Tarasov encountered cases of extortion in Lipetsk.

"The quality of repair at the service stations does not inspire confidence." Yu. Surovova, a resident of the city of Soroki (Moldavian SSR) formed such an opinion. Still more concern was expressed by V. Bespalenko of the city of Voronezh, Poltava resident D. Tron', Tiraspol resident S. Yezhov, and Moscow resident A. Matasov that private car owners at times are turned away from the doors of the auto service station. "There are no spare parts," they announced there. "Last year," reports G. Leksin from Volgodonsk, "my car stood for 2 months because of the lack of a battery; for half a month I could not find an oil seal, and now the car is 'laid up' agin': There are no tires."

"I ask the Krasnodar, Seversk, Abinsk, Krymsk, Novorossiysk, and Gelendzhik service stations to repair my engine," writes S. Lyubomudrov. "And I got one answer everywhere: 'We will do it if you give us the parts.' And where can one get them, if even the repair enterprises are not supplied with them?"

Auto service workers also complain of an acute shortage of spare parts and paint and varnish materials. This question was referred to in particular in the letter of V. Kuksenko, Uzbek SSR Minister of Consumer Services. The assortment of parts for sale is also far from complete. N. Achbakiyev, a sovkhoz worker from Sverdlovsk Oblast who owns an IZh-Planet motorcycle, gets rejections of many of his orders from, let us say, the Izhevsk and Novosibirsk centers of the Republic Mail Order Office. He notices that there are additional difficulties on Kolkhozes and sovkhozes in transporting people to fields and farms when the workers' private conveyances stand idle because of the lack of spare parts.

The stores' poor supply of materials for car owners makes it necessary to buy them in Kiev's retail network, reports R. Moskvichev. For this reason, the RSFSR Ministry of Trade, for example, completely discontinued the sale of spare parts for Zaporozhets [automobiles] in its stores. Answering the letter of A. Osipov from Lipetsk Oblast, who was indignant at such a situation, V. Korsunov, deputy chief, Cultural-Domestic Economic Trade Organization Trade Administration, reported that an agreement had recently been reached with the RSFSR Republic Administration of Motor Vehicle Technical Service on the procedure for selling them. Nevertheless, the assortment of spare parts in stores still does not meet the demand.

"However, it is always possible to buy any one of the scarce parts," writes Odessa resident S. Kononenko to PRAVDA, "on the black market. The prices, of course, are exorbitant." Society pays for the shortage by the revival of speculation and the appearance of groups of people living on unearned incomes. "It is necessary to close all channels used for enrichment by wheeler-dealers," demand I. Babayev from Dneprodzerzhinsk, Moscow resident A. Dolottsev, and V. Golovnev (Krasnodar Kray).

Kiev resident A. Prin', I. Kirpichev (Kirovograd Oblast), and G. Brio from Salaspils suggest regulating the sale and distribution of scarce spare parts. They note that in the distribution of parts, it is necessary to develop a record and public control to give complete information on what is in stores and at service station warehouses. There are many suggestions. Some believe that all automobiles should be assigned to service stations and spare parts should be issued, the demand for which would be determined by specialists with a notice about it in service books. Others believe that such a record should be kept in stores. I. Andrushchenko from the village of Greychovo, Nikolayev Oblast, argues his position: "Many auto owners can replace worn-out parts by themselves without turning to repair enterprises which are hard to get to in summer."

The readers are unanimous in one thing: that it is necessary by all measures to increase the output of various parts, primarily scarce ones and to fully meet the demand for them. The readers would like to know the plans of the Ministry of the Automotive Industry in this respect. "It appears that not only specialized enterprises but also many others including those in our Volgograd Oblast would be able to organize the production of spare parts," writes I. Vinnik. "Such possibilities should be promptly studied by the USSR and union republic Gosplans in order to correct the matter more quickly."

An inadequate supply of auto service stations with the most necessary parts results in a deplorable practice in which enterprises try to meet the plan at any price. At the Kishinev Station of the Volga Motor Vehicle Plant, V. Litovchenko was forced to get a repair in a package deal including an expensive service which had already been done recently. In Krasnoye Selo, Leningrad resident E. Puzankov was refused even a guaranteed repair of his car only because he had gotten T0-1 and T0-2 [technical motor vehicle services] at another station. "It is necessary to establish a procedure for planning an economic incentive," believes Moscow resident M. Gavrilenko, "which would not drive service workers to write in unperformed services and to do unnecessary additional

operations." I. Il'in and A. Kudla, workers at the Krymavtotekhobsluzhivaniye [Crimean Auto Technical Service] Association stated their opinion that "a thorough economic analysis of the current state of affairs in auto service and prospects for its development is necessary; radical measures to improve the business are also needed."

At the conclusion of this review, I would like to cite the letter of I. Kovalenko: "I can only say good things about the STO-1 [Technical Service Station] collective in the city of Zaporozhye. There are outstanding experts there." Such a testimonial, of course, makes us glad. It is a matter of honor for each auto service worker to deserve this.

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## **CONSUMER SECTOR POLICY AND ECONOMICS**

### **ALL-UNION ECONOMIC CONFERENCE ON DOMESTIC SERVICES**

**Moscow PLANOVYE KHOZYAYSTVO** in Russian No 6, Jun 84 pp 123-124

[Report by N. Moskaleva, candidate of economic sciences, and N. Moskovchenko, candidate of economic sciences, on all-union conference on "The Applied-Science and Theory Aspects of the Development of Domestic Services" in March 1984 in Moscow: "Problems in the Development of Domestic Services for the Population"]

[Text] An all-union conference on "The Applied-Science and Theory Aspects of the Development of Domestic Services" was held in Moscow in March 1984. It was organized by the USSR Academy of Sciences Academic Council on "Natural Economic Trends in the Development of Socialism and the Competition Between the Two Systems," the section on the economics of the non-production sphere of the Central Board of the Science and Economics Society, the RSFSR Ministry of Consumer Services, the USSR Gosplan Scientific Research Institute of Economics (NIEI), the Central Scientific Research Institute of Consumer Services (TsNIIbyt) and the Department of the Economics of the Non-Production Sphere of the Moscow State University School of Economics. The conference was attended by more than 400 scientists and technicians, who heard around 100 reports and speeches.

The conference was called to order by Academician A. M. Rumyantsev, chairman of the organizing committee. In his speech he stressed that securing a high level of manpower reproduction is an objective economic necessity at this time of technological revolution, and this is one of the determining factors in problems in the development of the service sphere and their connection with general problems in the development of physical production. The analysis of these problems and the planning of solutions constitute one of the important duties of economic science.

A report entitled "The More Important Socioeconomic Role of Consumer Services in Light of the Requirements in the CPSU Central Committee and USSR Council of Ministers Decree 'On the Continued Development and Improvement of Consumer Services'" was presented by RSFSR First Deputy Minister of Consumer Services V. M. Zamula. He remarked that the volume of services performed and the number of different services and forms of service increase with each year. Each day enterprises of this industry serve around 200 million people. The development of consumer services helps to conserve material resources and has

a considerable impact on the efficiency with which labor resources are utilized. The variety and volume of available services, service standards and the quality of services do not, however, meet the needs of the population in many cases. A great deal of time is still being wasted on housework and on the acquisition of services from consumer service enterprises.

Director I. M. Shatayev of the TsNIIbyt, candidate of economic sciences, stressed in his report that the qualitatively new development of consumer services is now required in connection with the considerable modification and rise of public demand. This will necessitate plans for the efficient use of sectorial labor and material resources and the improvement of economic leverage and incentives for the intensive development of consumer services. The investigation of the main problems connected with sectorial development (the tendency of consumer demand to change, the determination of reasonable domestic service consumption norms on the regional level, the labor-intensiveness of operations and services with a view to sectorial peculiarities, ways of improving moral and financial incentive systems and the scientifically sound principles of the establishment and distribution of domestic service facilities) must be accelerated.

The social impact of consumer services, signifying the provision of the population with a higher level of consumer services, the improvement of quality and consumption standards and the efficient use of family budgets and leisure time, was examined in a report by Doctor of Economic Sciences V. P. Korchagin on "The Economic Potential of Leisure Time." The development of the service sphere will give workers time to engage in truly worthwhile leisure pursuits, raise their educational and general cultural levels, improve their health, raise their children, etc.

Ukrainian SSR First Deputy Minister of Consumer Services R. G. Puzynin noted that sectorial successes will depend on the efficient use of production resources and on the work of enterprises manufacturing consumer goods, the materials for their repair and maintenance and equipment for the service sphere.

Regional problems in domestic services for the rural population were the subject of a report by Estonian SSR Minister of Consumer Services V. A. Khal'myagi.

Armenian SSR Deputy Minister of Consumer Services R. M. Mamikonyan discussed the need to improve the methods of planning consumer services. The main indicator of operations should be the volume of services performed for cash on individual orders. The indicator of performance quality, including service standards, is also important. Performance evaluation will necessitate inspections of enterprises and associations, their structural subdivisions and their personnel. The speaker also suggested that a comprehensive quality coefficient be taken into account and that the proportion of total services accounted for by enterprises of the highest category be determined. The experimental use of these indicators in the republic would improve sectorial planning and coordinate financial incentives for enterprise workers and work teams with the final results of their work.

The analytical premises of quantitative and qualitative assessments and the principles of their interaction were discussed in a report by Director D. I. Pravdin of the All-Union Scientific Research Institute of the Economics of Trade, doctor of economic sciences, on "Quantity and Quality in the Management of the Service Sphere."

Three discussion groups at the conference dealt with analytical and methodological problems in consumer services, the need to improve the sectorial administrative machinery, and matters connected with sectorial personnel requirements and the improvement of technology and the organization of labor.

RSFSR Minister of Consumer Services I. G. Dudenkov spoke at the final plenary session. He described the main aspects of the work performed by the ministry in preparation for the economic experiment and clarified a number of future objectives: the determination of the ratios of active and passive categories of fixed capital in investment policy, the planned regulation of private domestic services, the comprehensive organization of material and technical supplies for the service sphere, and so forth.

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## **CONSUMER SECTOR POLICY AND ECONOMICS**

### **RSFSR DOMESTIC SERVICES EXPERIMENT DETAILED**

#### **Interview with Deputy Minister**

Moscow SOVETSKAYA KUL'TURA in Russian 30 Jun 84 p 3

[Interview with RSFSR deputy minister of consumer services A.V. Bondarenko by correspondent I. Borisov: "Attention: Experiment!"]

[Text] An economic experiment to extend the economic independence and enhance the interest of consumer services associations and enterprises in satisfying more fully consumer demand for services will open tomorrow at consumer services enterprises on eight territories of the RSFSR.

- Our correspondent I. Borisov talks with RSFSR deputy minister of consumer services A.V. Bondarenko about the experiment that is starting.

[Question] The aim of the experiment--to enhance the economic independence and interest of the domestic services subdivisions--has been formulated quite precisely. But how is it proposed to achieve this aim?

[Answer] First of all it is necessary to talk about the main task of the experiment, which is to create the kind of economic mechanism that would actively influence a rise in the general level of domestic services. A mechanism of this kind will also be checked out during the course of the experiment.

Extending the economic independence of production associations and enterprises and enhancing their interest are two basic levers in the complex mechanism by which the economy is managed. Speaking frankly, at most of our enterprises economic initiative and responsibility for work results are still quite low. The reason for this is the large number of planning indicators imposed from above. Because of the excessive regulation the labor collectives in the sector do not always have independent handling of the assets generated nor can they use them for the production and social development of the enterprise or for providing incentive for higher work results with the aid of such assets.

The essence of the experiment is to combine the methods of centralized and independent management more sensibly. Instead of a multitude of enterprise planning indicators imposed from above, only the indicator for the volume of domestic services sold will be retained. Enterprise activity will be evaluated not so much according to plan fulfillment as to growth in the volume of services. For it is precisely on the growth of services paid for by the consumers and on the quality of these services that the wages fund and the incentive fund will depend. They will not be planned, as previously, but will be formed in accordance with firm normativs.

Thus, the collectives of consumer services enterprises will be given the opportunity themselves to generate the wages fund rather than just waiting for the size of the fund to be established from above. Under the new conditions both wages and bonuses will be generated the same way, namely by improving consumer services.

[Question] During the course of the experiment enterprises in the sector will produce all kinds of payments from their own profits. But will they not, then, start to build up the "gross" figures by avoiding the kinds of services that show low profitability? You must agree that consumer services are simpler and more profitable when offered to establishments rather than to the individual. Will there not now be an additional reason for trying to make a profit at any price?

[Answer] The financial well-being of the production associations and enterprises participating in the experiment will, of course, depend directly on the actual assets generated. The higher the profitability, the more efficient the operation and the lower the production costs, the greater the profit. And what is particularly important is that a significant proportion of the assets derived from improving services will now remain at the disposal of the consumer services enterprises and be used in accordance with decisions by the collective. There will be opportunities for expanding and reconstructing production facilities and constructing housing, pioneer camps, kindergartens and creches, polyclinics and dining halls.

The right to used any savings in the wages fund to pay bonuses to highly and moderately skilled workers for professional skills and combining professions will undoubtedly make it possible to staff collectives with fine tradespeople and specialists and to establish them where they are working in production.

With regard to the misgivings concerning the "race for profits," reliable barriers have been erected against this. Those participating in the experiment will not be able to make profits in roundabout ways. The price list for services does not now include the cost of materials and spares used. So no matter how high the cost, this will not be reflected in the volume of services. The enterprises will recover this cost from the client exactly in accordance with price list. As they say, they sell it for what they paid for it. It is also important that under the conditions of the experiment, services will usually be paid for after they have been completed. This means that it is impossible to receive payment for substandard work.

During the course of the experiment a decision will have to be made on how to balance profitable and nonprofitable services in the activity of the enterprises. The fact that the experiment is also being called an economic experiment comes about because it is primarily economic levers rather than administrative levers that will be used while it is in progress. The enterprise collectives, of course, should be interested in improving any kind of services, including those that are now unprofitable and disadvantageous. And for this, the socially necessary expenditures should be taken into account when drawing up the price lists for services. In this matter we hope to get the help of the USSR State Committee on Prices.

[Question] In comments and official responses to the letter from People's Artist of the RSFSR Mayya Bulgakova published in SOVETSKAYA KUL'TURA on 24 January this year the lack of coordination in trade operations and between industry and the planning and supply organizations, which sometimes hampers services from achieving good results, have been pointed out. Will anything be done to eliminate this fragmentation?

[Answer] One feature of the experiment is that not only the 158,000-strong army of service workers and not only our ministry will be participating, but also many other ministries and administrations, and also the local soviets. This should produce fruitful results.

Changes are envisaged in material-technical support for consumer services. The enterprises participating in the experiment have been given the opportunity of purchasing directly in fabric and accessory stores and acquiring spare parts, tools and small pieces of equipment direct. Our enterprises are concluding agreements with "big" industry for the delivery of parts, blanks and semifinished goods. Support for the sector will also be improved through the USSR Gossnab system.

Speaking frankly, however, no radical changes in material-technical supply have yet taken place in our sector, and, alas, contractual obligations have not been fully met by our partners. And, of course, it is only under conditions of real interest on the part of everyone having dealings of some kind with services operations that the success of the experiment will be possible.

[Question] Up to now we have been dealing mainly with changes within the sector. What new things will come out of this experiment for the ordinary client and his family?

[Answer] But, of course, observing the interests of the client is also a main and strategic task in the experiment! Improving everyday services and creating extra convenience for people will be achieved by improving operations throughout the sector.

How, specifically, will this be seen? As I have already said, increases in the services paid for by consumers will directly influence the evaluation of labor collectives' activity and the size of bonuses for their workers. Clients often have a sense of lack of rights in their relations with the everyday services, and they complain that our workshops, ateliers, and

reception points do not fulfill their obligations with respect to them, the clients. We think that in most cases this kind of complaint is justified. Accordingly, during the course of the experiment much will have to be done in order to make the client and the service really equal partners. There are rules in everyday services that are not being observed: not only the violators themselves but also the management of enterprises are being partly or completely deprived of their bonuses for the results of bad economic activity. I think that this will exert a positive effect both on services and on observance of time periods for completing orders.

During the course of the experiment many of our workers will have to change their style of management and the level of economic thinking. The work will be difficult, but, as they, it will be worth it. We hope that as a result of these efforts the demands of the Soviet people for services will be satisfied more completely and that conditions will be created affording maximum saving of their free time and improving their domestic standards.

#### Letter on Poor Personal Services

Moscow SOVETSKAYA KUL'TURA in Russian 24 Jan 84 p 6

[Letter from People's Artist of the RSFSR, Mayya Bulgakova: "Why I Have To Wait at the Dressmaker's"]

[Text] Of course, alongside thoughts about great art and the large problems of life this subject may seem petty and even naive. And the men will just smile skeptically. Nevertheless: how does a woman acquire fine, elegant and comfortable apparel? They may think that as an actress what I am talking about is some beautiful garment with spangles and ornamentation. No, neither am I talking about a tinselly evening gown. For an actress, these are uniforms. Just like coveralls for a fitter or a white coat for a physician. In this case, what interests me is everyday apparel. For a woman wants to be attractive everyday, not just on special occasions. And it precisely this "everyday problem" that is so complicated.

The solution would seem obvious: go to a couturier and order yourself some clothes. Thanks for the advice. Let us try to follow it.

Since we are talking about fine, stylish apparel, let us go to a first-class couturier, better yet, the very best. A sensible choice.

I travel much about the country and I make bold to assure you that in most cities(cities!) I can count these kinds of couturiers on the fingers of one hand. (While in the countryside we assume that a woman does not want to make herself attractive at all). Even in Moscow, if you take into account the size of the city, there are very few such couturiers.

Notwithstanding, here we have this couturier. We go in. There is a pleasant, hospitable hall, almost empty. Nevertheless, without any kind of magic, it is more than filled with a line, and for many months ahead. By appointment. And let us say it right away, the best way to get onto this list is by knowing someone. Otherwise you will have to wait until the styles have already changed.

But still, it is finally your turn in line. The receptionist is sitting there. And she, too often, is simply a casual, unskilled individual in the business, oriented on the formal limits of the price list. Women who go to the same couturier for services have probably noticed that these receptionists are always being replaced. And this is because for them this is not a profession but just the next place where they have to work.

Then we have to select the material to be sewn. But as a rule the choosing is very boring and monotonous. Don't even mention materials such as velvet, velours, valveteen or calico. Even linings and accessories, and even silk thread present a problem.

It would seem that a top-rank couturier would mean higher quality. But I cannot imagine how it is possible to sew a beautiful dress from a plain material. It could look beautiful only in a photograph or painting. It would seem that such a couturier should be supplied with the best materials, and be first in line. In fact, however, something inexplicable is going on: in the stores the selection is much better than in even a top-rank couturier. They may say: so go to a store, purchase the material you need and take it to the couturier. But that, as you will see, is impossible. The more so since placards about service standards hang in the couturier. I have seen little courtesy, and I still need a beautiful dress. And if I get it, should I not hope to have it made the way I want?

And now we establish our relationship with the dressmaker, the very one who is to sew the dress. First of all we must consult together. Primarily about the fabric. But what can she advise? The choice of fabrics at the couturier itself is extremely limited. And if I have brought my own fabric, what is there to consult about, even if I come three times?

So, the "consultation" proceeds. And here you are caught in the iron vice of the price list: we do not do that, we do not have this, we are not obliged to do the other. And as a result you get some kind of "averaged dress" lacking any sign of your own individuality. I very much dislike that ugly expression "custom sewing." But the thought behind it is fine--customized sewing. As far as I know there should be cutters and designers in the couturier. But why is this not reflected in the "fate" of my dress. I do not have an excessively high opinion of my outward appearance, but I do have some kind of individuality, as every woman does. And even an artist-designer on the state payroll should notice it.

There is but one solution to this confusion: go to a private dressmaker. And to become her client is not simple, either; you still have to wait in line. But at least she will not be there yawning over the price list. She will not tell you "I cannot do this, I do not want to do this, I should not do that." She will also advise about how to get the fabric and will think about combinations of materials and help you decide not just about style but also the things that you want. That is, you are in the presence of a skilled artist, one who is now interested specifically in your requirements.

But I still need to find this dressmaker and visit her. And the price for her work differs sharply from prices in the couturier.

Do not think that this is merely the whim of a spoiled actress.. I am by no means a spoiled person and I am not distinguished by any pampered demands. Check it for yourself: this problem is encountered by any woman in any profession. We want to be beautiful and we need help in this.

I would very much like to read anyone's thoughts about this on the pages of SOVETSKAYA KUL'TURA from among the managers working in the personal services. I would like them to unravel the question: why do I go to the dressmaker?

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CSO: 1827/266

## **CONSUMER SECTOR POLICY AND ECONOMICS**

### **CENTRAL ASIAN CONSUMER GOODS OFFICE FORMED IN TASHKENT**

[Editorial Report] Tashkent PRAVDA VOSTOKA in Russian 7 July 1984 carries on page 1 a 150-word UzTAG announcement titled "Cooperation of the Republics." The article notes that an organizational session of the Coordinating Center for the Development and Rational Distribution of Consumer Goods in the Republics of Central Asia and Kazakhstan took place in Tashkent. [No date was given.] The Coordinating Center will consider questions of the development of production of consumer goods and of supplying them to the populace. The provisions of the group's activity and a plan of its work for 1984 were confirmed. The Coordinating Center will be headed in turn by the deputy chairmen of the regional republics councils of ministers. It will be composed of the leaders of the republic state planning commissions, the ministers of trade, local industries, and consumer cooperatives and several other ministries and jurisdictions of the republics of Central Asia and Kazakhstan. Taking part in the session were responsible workers of the CPSU CC and the Uzbek CP Central Committee, leaders of the republic councils of ministers and the republic state planning commissions, ministries and their subordinate offices, and labor union organs.

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## FOOD PROCESSING AND DISTRIBUTION

### EXPANDED PRODUCTION OF MILK PRODUCTS DISCUSSED

Moscow MOLOCHNAYA PROMYSHLENNOST' in Russian No 6, Jun 84 pp 32-34

[Article by A.I. Veklenko, of the Belorussian SSR Ministry of the Meat and Dairy Industry, and A.N. Cherekhovich, candidate of economic sciences, of the Belorussian SSR Gosplan Scientific Research Institute of Economics: "Full Loading for Production Capacities"]

[Text] In order to make rational use of raw material resources, improve milk marketability and expand the production of lowfat and nonfat products for Belorussian consumers, in recent years the production of nonfat dry milk and wholemilk substitutes has been extensively developed. In the 10th Five-Year Plan alone production capacities for processing these products increased by a factor of 2.4. More than half the increase in capacities was provided by enterprises constructed during the 10th Five-Year Plan, as for example the Bretsk and Mogilev city dairies with nonfat dry milk shops, the Kalinkovichi Wholemilk Substitutes Plant, the Osipovichi Nonfat Dry Milk Dairy and others. The construction of enterprises with nonfat dry milk and wholemilk substitute shops is now nearing completion in Kletsk city, Khoyniki city and other places.

The commissioning of dairy combines insuring the total processing of all milk components is an important step in creating enterprises with low-waste technologies.

However, the construction of new enterprises with environmental protection equipment and everyday and other projects in line with present-day requirements has not only led to increased construction costs but also to a decrease in the yield from investment.

As is known, one indicator for the intensity of utilization of fixed capital is output per unit of installed capacity. An analysis made of operations at enterprises in the republic has shown that in the last several years the output of nonfat dry milk and wholemilk substitutes per unit of installed capacity has dropped sharply compared with 1975. This indicator is especially low at the Oktyabr'skiy Nonfat Dry Milk Plant, the Kalinkovichi Wholemilk Substitutes Plant, and the Mogilev Dairy Combine. This situation is to a large extent explained by inadequate loading of production capacities because of shortages of raw materials--nonfat milk--to produce nonfat dry milk and wholemilk substitutes.

Industrial processing of secondary raw materials exerts a significant effect not only on increased volumes of output and an expanded product range for foodstuffs, but also on the economic indicators for work in the dairy sector. Thus, while the processing of secondary raw materials produces output worth R30 per ton, when it is returned to the kolkhozes and sovkhozes, the figure is R11.50 (taking pasteurization into account). It is therefore understandable that expanded utilization of nonfat milk and buttermilk in the industry is one of the main reserves for improving enterprise profitability.

In Belorussia the use of secondary milk raw materials to produce foodstuffs is growing constantly. Thus, in 1983 almost twice as much than in 1975 was used for this purpose. However, the industry does not have enough nonfat milk. Output plans for nonfat milk products are not balanced in terms of raw materials. The calculations show that there is an annual raw material shortfall of more than 15 percent.

The republic's industry makes up the norm shortfall in nonfat milk by sending nonfat dry milk and whitemilk substitutes to the kolkhozes and sovkhozes.

Guaranteeing the plan for the output of products made from secondary raw materials depends largely on the level of milk procurement, which, as previously, is very seasonal. The irregular availability of the raw material exerts an adverse effect on its utilization, improvements in labor productivity and production prime cost, leads to the uneven output of products throughout the year and results in personnel turnover at the enterprises. All this goes a long way toward reducing the efficiency of operations in the industry.

Practice shows that the nonfat dry milk and whitemilk substitute plants receive most nonfat milk during the period June through August, and in these 3 months they process 41 percent of their annual output. During the period November through February they use only 20-25 percent of the annual volume of nonfat dry milk and whitemilk substitutes, and over this 4-month period they process less than 15 percent of the annual output.

Under seasonal conditions, however, it is possible to significantly improve deliveries of raw materials to enterprises thanks to the more rational utilization of nonfat milk, nonfat dry milk and whitemilk substitutes at the kolkhozes and sovkhozes. It is known that during the first and fourth quarters industry cannot fully satisfy agriculture's requirements for nonfat milk in accordance with the physiological (zootechnical) norms for milk-fed calves even if all milk delivered is separated and 100 percent of the secondary product is returned to the farms. Beginning in May, demand for nonfat milk for this purpose in agriculture falls sharply, but the norms for returns are almost double. The excess nonfat milk received is used mainly to fatten agricultural animals.

Returning nonfat milk to the kolkhozes and sovkhozes in accordance with existing norms, each year the enterprises cover almost 1.4 times the scientifically substantiated demand for it. Thus, in the summer of 1983, because of inadequate production facilities, in June the associations in the diary industry sent to the kolkhozes and sovkhozes 36,400 tons of nonfat milk

above the norms, while in July the figure was 12,900 tons; and this raw material could have been processed and put into storage for the next fattening of young animals during the first and fourth quarters. All that is required is to construct warehouse premises for storing the extra nonfat dry milk and wholemilk substitutes processed during the summer. But capital investments are not being allocated for this construction.

Because of the premium (lower) prices for the nonfat milk returned to the kolkhozes and sovkhozes and the existing norms for such returns, agricultural managers and specialists have no interest in seeking out internal reserves to compensate for the protein deficiencies in fodder by expanding sowings of high-protein crops. Thus, the cost of one fodder unit containing 248 grams of protein in nonfat milk is only 8 kopecks at the farm, which is substantially lower than the prime cost of producing other fodders.

The existing procedure for returning nonfat milk is also becoming a restraining factor in expanding kolkhoz and sovkhoz specialization in milk and meat production. Contracts for the shipment of milk for sale and the return of the nonfat milk are being concluded with farms, but it is often returned, at the request of the agricultural administration, to complexes that are rearing young animals and that do not sell milk to the state.

The following solution suggests itself: the norms and procedures for returning nonfat milk to kolkhozes and sovkhozes need clarification. In our opinion, nonfat dry milk and wholemilk substitutes processed during the second and third quarters should be sent to the farms during the first and fourth quarters, within the framework of existing norms for the return of nonfat milk.

As is known, in Belorussia each year 14 percent of the milk produced at the kolkhozes and sovkhozes is used for internal farm needs. Most of this goes to feed calves. Industry is now processing an equivalent amount of whole milk in terms of its fodder value and the trace elements and vitamins present in whole milk. Wholemilk substitutes are useful for animals and they reduce the incidence of disease in them and provide larger weight gains, which reduces the cost of rearing one calf. For example, when liquid wholemilk substitutes are used as fodder, costs are reduced R14-15.\* At the same time, one ton of dry wholemilk substitute replaces 8 tons of whole milk. The advantage for the farm from such a substitution is about R1,600 per ton.

It clearly follows from the above that reducing the quantity of whole milk used for feeding young animals through wholemilk substitutes, and bringing order to the norms for the return of nonfat milk to the farms constitute substantial reserves for improving milk marketability, increasing milk production for consumers, and insuring rational loading of production capacities and an increase in enterprise yield from investment.

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\* V.D. Rodin and V.S. Sinyatkin. "An Important Reserve for Increasing Milk Marketability." MOLOCHNAYA PROMYSHLENNOST' No 6, 1976, pp 31-32.

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